Uruguay

Ranked 28th of 149 on the 2016 Legatum Prosperity Index™

OVERVIEW

Central and Latin America's second smallest nation becomes its strongest overall performer at 28th in the 2016 Prosperity Index

With consistent improvements across almost every sub-index (with the notably worrying exception of Natural Environment), Uruguay is setting the example in Latin America, a continent that, broadly speaking, has seen its individual nations either maintain their standing in the Prosperity Index over the last decade or slide down the rankings. Of note, the country ranks an impressive 6th in the Personal Freedom sub-index, outperforming the majority of the developed world.

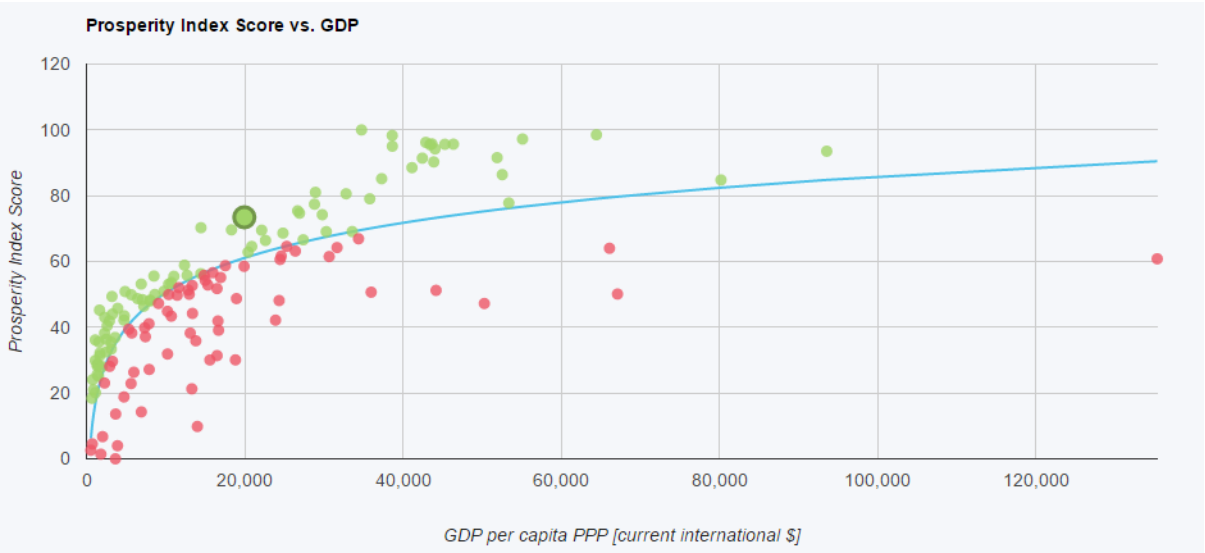
Sub-Index Rankings
In the Prosperity Sub-Index rankings, Uruguay performs best **Personal Freedom** and **Governance** and scores lowest on the **Education** sub-index.

Visit our Rankings table to see how Uruguay compares to other countries.

PROSPERITY GAP

The 'Prosperity Gap' takes a country's GDP and uses it as the yardstick to measure a nation's expected Prosperity Index ranking.

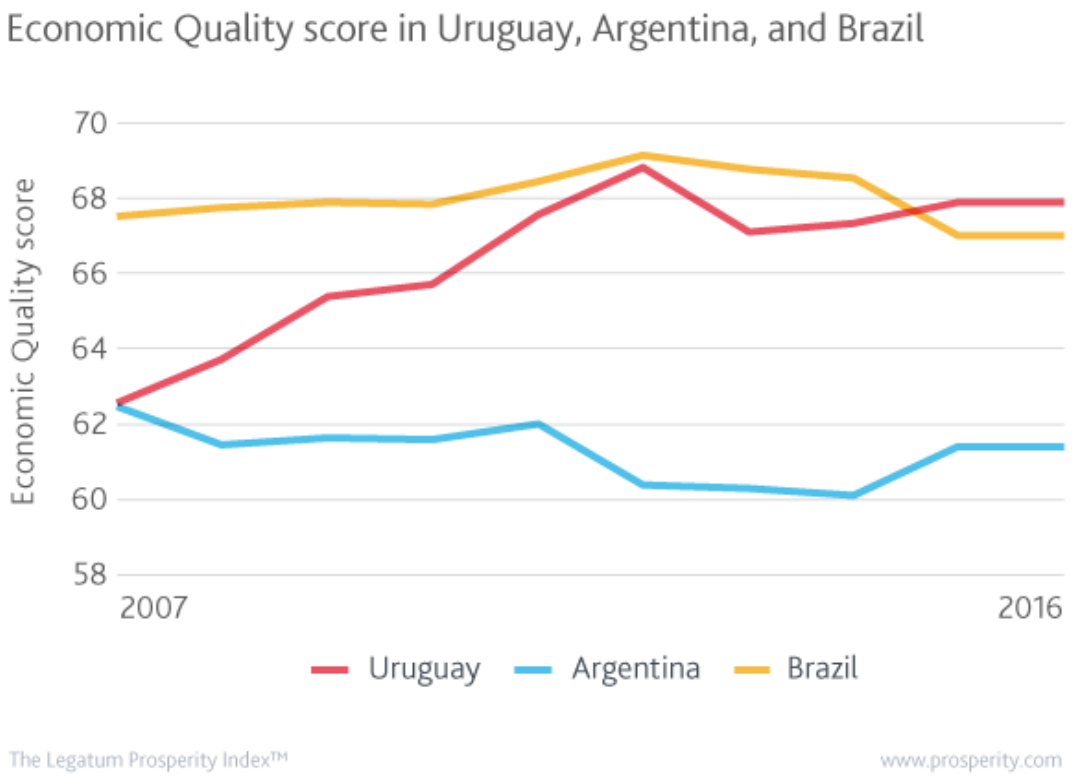
Uruguay has maintained a consistent moderate prosperity surplus over the past decade, which it has increased by 16% since 2007. The country has a significant prosperity surplus in Personal Freedom.



COMMENTARY

Uruguay's effective cultivation as a democracy and continental powerhouse and all the facets that come with it, including good governance, the security and health of its population, and developing a healthy business culture, is all summarised in its Prosperity Index ranking. However, it must be noted that Uruguay has seemingly sacrificed much of its Natural Environment in order to both create physical space and gather new resources to fuel its vision as a new power in the region.

Despite it being the second smallest country in the region, Uruguay has made the biggest leap in the Economic Quality sub-index, jumping from 60th to 40th in the past decade. Compare that to the larger nations in the region, such as Argentina or Brazil, and this achievement is truly emphasised.



Economic Quality score in Uruguay, Argentina and Brazil
Uruguay's Economic Quality score has risen rapidly over the past decade and now stands above Argentina and Brazil's scores.

Coupled with Economic Quality is Business Environment, where Uruguay has also seen a marked improvement, climbing ten places since 2007 to 39th. This dual improvement is all the more impressive when considering Uruguay experienced a financial crash in 2002. It would be the improvements of President Vazquez in 2005 who created the "Ministry for Social Development" that, in short, began making improvements to healthcare whilst also emphasising personal freedoms and bolstering a movement to reduce poverty. This new and effective department is arguably one of, if not the contributing factor, to Uruguay's annually improving ranks in almost every field, and has seen impressive results, such as Uruguay now holding the third highest 5 year average GDP per capita growth rate in the region.

Linked to this of course is Uruguay's Governance performance, which remains healthily in the global top 20; far above its regional peers, with countries such as Venezuela taking the third lowest ranking at 146th, and Brazil ranking a mediocre 74th. Furthermore, despite Uruguay only establishing itself as a democracy in 1984, it has in just over thirty years achieved the highest democracy score, a feat only three other Latin American countries share – Chile, Costa Rica, and Trinidad and Tobago. This figure can be coupled with the fact that 73% of people living in Uruguay believe their elections are fair and honest; to put that in perspective, only 40% of Americans believe their elections are fair and honest.

However, an improving business environment and general economic welfare has apparently come at the cost of sacrificing the Natural Environment. Uruguay has sunk 31 places since 2007, now ranking at 67th. This can most likely be attributed to a heavy emphasis in Uruguay's economy on mining and plastics, which would explain how Uruguay has the lowest amount of protected terrestrial area in Latin America.

Despite this blip, it should not overshadow the otherwise impressive effort by Uruguay across the board to improve prosperity, the hallmark of which can be seen in its impressive 6th ranking in the Personal Freedom sub-index, the only Latin American nation in the top ten. Only Costa Rica is anywhere near at 19th. This is certainly down to other factors, such as it having very high tolerance of immigrants (81%) and satisfaction with freedom of choice (89%) in the world.

Ways to make a change

Click on the Tweets to help make a change in your nation.

1. Size really doesn't matter: Why Uruguay is proving Prosperity comes best in small bundles.
2. Freedom's new pin up: Can Uruguay top the global freedom ranks?
3. Economic success at an environmental cost: does Uruguay need a green growth agenda?
4. The South American Sweden – why immigrants should flock to Uruguay

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Visit Uruguay's country profile on www.prosperity.com.